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SUBJECT: Victoria Opposition Leader Remains Upbeat Despite Polls

Ref: Melbourne 121

Summary

¶1. (SBU) Ted Baillieu, Leader of the Victorian Opposition, believes that former Howard Treasurer Peter Costello will run for reelection in the next federal election, signaling a challenge to Malcolm Turnbull for national leadership of the Liberal Party. Baillieu says that he is optimistic about his party's prospects in the next Victorian election, but recent polls and his frustration with the media indicate that the election will more likely be Labor's to lose. End Summary.

The Next PM that Never Was

¶2. (SBU) Ted Baillieu, Leader of the Victorian Opposition, told Consul General on December 16 that he believes Peter Costello will run for reelection in the next federal election. According to Baillieu, this would signal Costello's intention to challenge Malcolm Turnbull for leadership of the federal opposition. While Costello himself has remained silent on the issue (reftel), some see this as his last chance to realize his long time ambition to become Prime Minister. Baillieu suggested that Costello would like to be seen as "saving the party," and believes that he is waiting for the Liberal Party to ask him to return. After the November 2007 elections, Costello said he was leaving politics to pursue a career in the "commercial world;" insiders say that he having a hard time finding a suitable position in the private sector. Nominations for Liberal pre-selection in Higgins (Costello's seat) are expected to be due by mid-April.

¶3. (SBU) According to Baillieu, federal-state cooperation in the Liberal Party leaves much to be desired. The Victorian Liberal Party apparatus, run by former Howard Chief of Staff Tony Nutt, is much more concerned about commonwealth issues and seldom consults with Baillieu on joint strategies. (Note: Nutt is a highly regarded political strategist who has also served as the Liberals' state director in New South Wales and South Australia. End note.) Liberal Party Senators are "more of a problem than anything else." Responding to Consul General's question, Baillieu said that Liberal "stars" such as Costello or former Victoria Premier Jeff Kennett are seen more as liabilities than assets to the state's Liberal Party due to personality-based divides within the party.

A Quiet Opponent

¶4. (SBU) Baillieu said that he is "optimistic" about the prospects of a Liberal victory in the next state elections. Thanks to a "solid" coalition with the National Party, he calculates that the Liberals must only win 13 (of Victoria's 88) additional seats in the elections which are to be held sometime prior to November 2010. An opinion poll released on December 18, however, showed Labor Premier John Brumby as the preferred Premier over Baillieu by a spread of 22 percentage points. On a two-Party preferred basis, Labor leads the

Liberal Party in Victoria 57 to 43 percent. (Comment: Baillieu lost the last Victorian election to former Labor Premier Steve Bracks and observers say that he is still not getting any traction with voters. Baillieu is often described by others as a small "l" liberal. Insiders say that these instincts make it hard for him to beat the "law and order drum" - an important issue in Victoria. End comment.)

¶ 15. (SBU) Despite this bad news, Baillieu was upbeat and said that the Liberals intend to bring the fight to Labor on four fronts. He sees corruption and the provision of water, public transportation, and law and order as areas of weakness for the Labor government. Baillieu described his approach as fostering a gradual "snowball" accumulation of public discontent with the Labor government rather than causing a "sudden avalanche." Consul General noted that some observers have criticized Baillieu on not being enough of an attack dog in his role as Leader of the Opposition. Baillieu's visible frustration at this remark indicates that this was probably not the first time he has received this feedback, but he simply replied that he preferred not to run a "negative campaign."

Apathetic Media?

¶ 16. (SBU) The media, Baillieu said, has hindered the Liberal Party from getting its message out to the public. He attributed this to a general decline of media interest in state politics. He claimed that there are ten times as many reporters in Canberra's press gallery than in Victoria's. John Hamilton, Associate Editor of the daily Herald, however, told CG that Baillieu's Liberals have been not been proactive in reaching out to the media. Hamilton went on to say that he was not even able to name the Liberal front-benchers.

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Other observers have noted that Baillieu's struggle with the media is at least partially due to the number of political "spin artists" employed by Premier John Brumby.

Comment

¶ 17. (SBU) While Baillieu said that he was optimistic about the Liberal Party's chances in the next state election, few in Victoria share Ted Baillieu's optimism. A federal Liberal MP recently told post that even he is unable to discern exactly where Baillieu is taking the party and acknowledged that leadership in Victoria's Liberal Party is "thin." Victoria was at one time, the "jewel in the crown" for the Liberal Party; former Prime Ministers Robert Menzies and Malcolm Fraser both hailed from the state. Historically, a Victorian has served as either a federal level leader or a deputy leader for the Liberal Party. The absence of a Liberal leader in the federal opposition, Labor's nine year domination of Victorian politics and sinking polls all point to tough times ahead for Ted Baillieu's Liberal Party.

THURSTON